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GOVERNMENT OF KERALA

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NOTIFICATION

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Dated, Trivandrum, 28th December 1964.

The following Act of Parliament, published in the Gazette of India, Extraordinary, Part II, Section 1, dated the 11th December, 1964, is hereby republished for general information. The Bill as passed by the Houses of Parliament received the assent of the President on the 10th December, 1964.

By order of the Governor,
P. UNNIKRISHNA KURUP,
Law Secretary.

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THE FOOD CORPORATIONS ACT, 1964

ARRANGEMENT OF SECTIONS

CHAPTER I

PRELIMINARY

CHAPTER II

THE FOOD CORPORATION OF INDIA

CHAPTER III

BOARDS OF MANAGEMENT

CHAPTER IV

STATE FOOD CORPORATIONS

CHAPTER V

FINANCE, ACCOUNTS AND AUDIT

CHAPTER VI

MISCELLANEOUS

THE FOOD CORPORATIONS ACT, 1964

(Act 37 of 1964)

AN

ACT

to provide for the establishment of Food Corporations for the purpose of trading in foodgrains and other foodstuffs and for matters connected therewith and incidental thereto.

BE it enacted by Parliament in the Fifteenth Year of the Republic of India as follows:—

CHAPTER I

PRELIMINARY

1. *Short title, extent and commencement.*—(1) This Act may be called the Food Corporations Act, 1964.

(2) It extends to the whole of India except the State of Jammu and Kashmir.

(3) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint.

2. *Definitions.*—In this Act, unless the context otherwise requires,—

(a) "Corporation" means the Food Corporation of India established under section 3;

(b) "Food Corporation" means the Food Corporation of India established under section 3 or a State Food Corporation established under section 17;

(c) "prescribed" means prescribed by rules made under this Act;

(d) "scheduled bank" means a bank for the time being included in the Second Schedule to the Reserve Bank of India Act, 1934 (2 of 1934);

(e) "State Food Corporation" means a State Food Corporation established under section 17;

(f) "year" means the financial year.

CHAPTER II

THE FOOD CORPORATION OF INDIA

3. *Establishment of Food Corporation of India.*—(1) With effect from such date as the Central Government may, by notification in the Official Gazette, specify in this behalf, the Central Government shall establish for the purposes of this Act a Corporation known as the Food Corporation of India.

(2) The Corporation shall be a body corporate with the name aforesaid, having perpetual succession and a common seal with power, subject to the provisions of this Act, to acquire, hold and dispose of property and to contract, and may, by that name, sue and be sued.

4. *Offices and agencies.*—(1) The head office of the Corporation shall be at Madras or at such other place as the Central Government may, by notification in the Official Gazette, specify.

(2) The Corporation may, with the previous approval of the Central Government, establish offices or agencies at other places in or outside India.

5. *Capital of Corporation.*—(1) The original capital of the Corporation shall be such sum not exceeding one hundred crores of rupees as the Central Government may fix.

(2) The Central Government may from time to time increase the capital of the Corporation to such extent and in such manner as that Government may determine.

(3) Such capital may be provided by the Central Government from time to time after due appropriation made by Parliament by law for the purpose and subject to such terms and conditions as may be determined by that Government.

6. *Management.*—(1) The general superintendence, direction and management of the affairs and business of the Corporation shall vest in a board of directors which may exercise all such powers and do all such acts and things as may be exercised or done by the Corporation under this Act.

(2) The board of directors, in discharging its functions, shall act on business principles having regard to the interests of the producer and consumer and shall be guided by such instructions on questions of policy as may be given to it by the Central Government.

(3) If any doubt arises as to whether a question is or is not a quesiton of policy, the decision of the Central Government thereon shall be final.

7. *Board of directors.*—(1) The board of directors of the Corporation shall consist of the following, namely:—

(a) a Chairman;

(b) three directors to represent respectively the Ministers of the Central Government dealing with—

(i) food,

(ii) finance, and

(iii) co-operation;

(c) the managing director of the Central Warehousing Corporation established under section 3 of the Warehousing Corporations Act, 1962, (58 of 1962) *ex officio;*

(d) a managing director;

(e) six other directors.

(2) All the directors of the Corporation other than the director referred to in clause (c) of sub-section (1) shall be appointed by the Central Government.

(3) The managing director shall—

(a) exercise such powers and perform such duties as the board of directors may entrust or delegate to him; and

(b) receive such salary and allowances as the board of directors may, with the approval of the Central Government, fix:

Provided that the first managing director shall receive such salary and allowances as the Central Government may fix.

(4) The term of office of, and the manner of filling casual vacancies among, the directors of the Corporation, other than the director referred to in clause (c) of sub-section (1), and the other terms and conditions of appointment of the directors of the Corporation shall, subject to the provisions of sub-section (3), be such as may be prescribed.

8. *Disqualification for office of director.*—A person shall be disqualified for being appointed as, and for being, a director of the Corporation—

(a) if he is, or at any time has been, adjudicated insolvent or has suspended payment of his debts or has compounded with his creditors; or

(b) if he is of unsound mind and stands so declared by a competent court; or

(c) if he is or has been convicted of any offence which in the opinion of the Central Government involves moral turpitude; or

(d) if he has been removed or dismissed from the service of the Government or a eorporation owned or controlled by the Government; or

(e) except in the case of the Chairman or the managing director, if he is a salaried official of the Food Corporation of India or a State Food Corporation.

9. *Removal and resignation of directors.*—(1) The Central Government may, at any time, after consultation with the Corporation, remove the managing director from office after giving him a reasonable opportunity of showing cause against the proposed removal.

(2) The board of direetors may remove any director from office who—

(a) is or has become subject to any of the disqualifications mentioned in section 8; or

(b) is absent without leave of the board of directors from more than three consecutive meetings thereof without cause sufficient, in the opinion of the board, to exonerate his absence.

(3) A director of the Corporation may resign his office by giving notice thereof in writing to the Central Government and on such resignation being accepted, he shall be deemed to have vacated his office.

10. *Meetings.*—(1) The board of directors of the Corporation shall meet at such times and places and shall observe such rules of procedure in regard to the transaction of business at its meetings (including the quorum at meetings) as may be provided by regulations made by the Corporation under this Act.

(2) The Chairman of the board or, if for any reason he is unable to attend any meeting, any other director elected by the directors present at the meeting shall preside at the meeting.

(3) All questions which come up before any meeting of the board shall be decided by a majority of the votes of the directors present and voting, and, in the event of an equality of votes, the Chairman, or in his absence, the person presiding, shall have and exercise a second or casting vote.

11. *Advisory Committees.*— (1) The Central Government may, in consultation with the Corporation, by notification in the Official Gazette, constitute one or more Advisory Committees consisting of such persons and on such terms and conditions as may be prescribed.

(2) It shall be the duty of any such Advisory Committee to advise the Central Government or the Corporation in regard to any matter connected with the purposes of this Act in respect of which its advice is sought by the Central Government, or, as the case may be, by the Corporation.

(3) The expenses in relation to the Advisory Committees shall be met by the Corporation.

12. *Officers and other employees of Corporation.*—(1) The Central Government shall, after consultation with the Corporation, appoint a person to be the Secretary of the Corporation.

(2) Subject to such rules as may be made by the Central Government in this behalf, the Corporation may appoint such other officers and employees

as it considers necessary for the efficient performance of its functions.

(3) The methods of appointment, the conditions of service and the scales of pay of the officers and other employees of the Corporation shall—

(a) as respects the Secretary, be such as may be prescribed;

(b) as respects the other officers and employees, be such as may be determined by regulations made by the Corporation under this Act.

13. *Functions of Corporation.*—(1) Subject to the provisions of this Act, it shall be the primary duty of the Corporation to undertake the purchase, storage, movement, transport, distribution and sale of foodgrains and other foodstuffs.

(2) Subject as aforesaid, the Corporation may also, with the previous approval of the Central Government,—

(a) promote by such means as it thinks fit the production of foodgrains and other foodstuffs;

(b) set up, or assist in the setting up of, rice mills, flour mills and other undertakings for the processing of foodgrains and other foodstuffs; and

(c) discharge such other functions as may be prescribed or as are supplemental, incidental or consequential to any of the functions conferred on it under this Act.

14. *Executive Committee and other committees.*—(1) The board of directors of the Corporation may constitute an Executive Committee which shall consist of—

(a) the Chairman of the board;
(b) the managing director; and
(c) three other directors, of whom one shall be a non-official.

(2) The Chairman of the board of directors shall be the Chairman of the Executive Committee.

(3) Subject to the general control, direction and superintendence of the board of directors, the Executive Committee shall be competent to deal with any matter within the competence of the Corporation.

(4) The board of directors may constitute such other committees, whether consisting wholly of directors or wholly of other persons or partly of directors and partly of other persons as it thinks fit, for such purposes as it may decide.

(5) A committee constituted under this section shall meet at such times and places and shall observe such rules of procedure in regard to the transaction of business at its meetings (including the quorum at meetings) as may be provided by regulations made by the Corporation under this Act.

(6) The members of a committee (other than the directors of the board) shall be paid by the Corporation such fees and allowances as may be fixed by it by regulations made under this Act for attending the meetings of the committee and for attending to any other work of the Corporation.

15. *Member of board or committee thereof not to vote in certain cases.*—A member of the board of directors of the Corporation or a committee thereof who has any direct or indirect pecuniary interest in any matter coming up for consideration at a meeting of the board of directors or committee thereof, shall, as soon as possible after relevant circumstances have come to his knowledge, disclose the nature of his interest at such meeting and the disclosure shall be recorded in the minutes of the board or the committee, as the case may be, and the member shall not take any part in any deliberation or decision of the board or committee with respect to that matter.

CHAPTER III

Boards of Management

16. *Boards of Management, their constitution and functions.*—(1) The Central Government may, on a request received in this behalf from the State Government or Governments concerned or otherwise, by

notification in the Official Gazette, establish a Board of Management for a State or two or more contiguous States, if no State Food Corporation is functioning in such State or States.

(2) The head office of the Board of Management shall be at such place as the Central Government may, by notification in the Official Gazette, specify.

(3) The Board of Management shall consist of—

(a) a Chairman to be appointed by the board of directors of the Food Corporation of India;

(b) the senior-most executive officer of the said Corporation employed at the head office of the Board of Management; and

(c) not more than ten other members to be appointed by the board of directors of the said Corporation.

(4) The members of a Board of Management referred to in clauses (a) and (c) of sub-section (3) shall hold office for a term of two years and shall be eligible for re-appointment and the other terms and conditions of their appointment shall be such as may be prescribed.

(5) The Board of Management shall advise the Corporation on such matters as may be generally or specifically referred to it and shall perform such other functions as the Corporation may delegate to it.

(6) The provisions of sections 20, 21 and 25 shall, so far as may be, apply in relation to the members of a Board of Management as they apply in relation to the members of the board of directors of a State Food Corporation:

Provided that the reference to the General Manager in clause (e) of section 20 shall be construed as a reference to the officer of the Corporation referred to in clause (b) of sub-section (3).

(7) The Food Corporation of India may, after consultation with a Board of Management, appoint such staff as it considers necessary to enable that Board to perform its functions under this Act.

(8) The Board of Management may, by order in writing, authorise any one or more of its members to exercise and perform, subject to such conditions and limitations, if any, as may be specified in the order, such of its powers and functions as it may think fit.

(9) The Board of Management shall follow such procedure as may be provided by regulations made by the Food Corporation of India under this Act.

(10) Where a Board of Management has been established—

(i) for a State, or

(ii) for two or more States,

then such Board shall stand dissolved—

(a) in the case referred to in clause (i), on the establishment of a Food Corporation for that State, and

(b) in the case referred to in clause (ii), on the establishment of such Corporation for any one or more of such States.

(11) Where a Board of Management stands dissolved under clause (b) of sub-section (10), the Central Government may establish a new Board of Management for the State or States for which no Food Corporation has been established.

(12) The expenses of the Board of Management in the discharge of its functions under this Act shall be met by the Food Corporation of India.

CHAPTER IV

STATE FOOD CORPORATIONS

17. *Establishment of State Food Corporation.*—(1) The Central Government may, by notification in the Official Gazette and after consultation with the Government of a State, establish a Food Corporation for that State under such name as may be specified in the notification.

(2) A State Food Corporation established under sub-section (1) shall be a body corporate by the

name notified under that sub-section, having perpetual succession and a common seal with power, subject to the provisions of this Act, to acquire, hold and dispose of property and to contract, and may, by the said name, sue and be sued.

(3) The head office of a State Food Corporation shall be at such place within the State as may be notified by the Central Government in the Official Gazette.

(4) Subject to the provisions of this Act, a State Food Corporation may perform such of the functions of the Food Corporation of India as that Corporation may delegate to it.

18. *Capital of State Food Corporation.*—(1) The capital of a State Food Corporation shall be such sum not exceeding ten crores of rupees as the Central Government may, after consultation with the Food Corporation of India, fix.

(2) The Central Government may, after such consultation, from time to time increase the capital of the State Food Corporation to such extent and in such manner as that Government may determine.

(3) Such capital shall be provided—

(a) by the Central Government after due appropriation made by Parliament by law for the purpose, and

(b) by the Food Corporation of India,

in such proportion and subject to such terms and conditions as may be determined by the Central Government.

19. *Management of State Food Corporation.*—(1) The general superintendence, direction and management of the affairs and business of a State Food Corporation shall vest in a board of directors which shall consist of a Chairman, a General Manager and not more than ten other members, all of whom shall be appointed by the Food Corporation of India after consultation with the Central Government and the State Government.

(2) The General Manager shall—

(a) exercise such powers and perform such duties as the board of directors may entrust or delegate to him; and

(b) receive such salary and allowances and be governed by such terms and conditions of service as the board of directors may, in consultation with the Food Corporation of India, fix.

(3) The board of directors, in discharging its functions, shall act on business principles having regard to the interests of the producer and consumer and shall be guided by such instructions on questions of policy as may be given to it by the Food Corporation of India.

(4) If any doubt arises as to whether a question is or is not a question of policy, the matter shall be referred to the Central Government whose decision thereon shall be final.

(5) The members of the board of directors, other than the General Manager, shall be entitled to receive by way of remuneration or fees such sums as may be prescribed:

Provided that no official member shall be entitled to receive any remuneration other than any allowances admissible to him under the rules regulating his conditions of service.

(6) The term of office of, and the manner of filling casual vacancies among, the members of the board of directors shall be such as may be prescribed.

20. *Disqualification for office of member of board of directors.*—A person shall be disqualified for being appointed as, and for being, a member of the board of directors of a State Food Corporation—

(a) if he is, or at any time has been, adjudicated insolvent or has suspended payment of his debts or has compounded with his creditors; or

(b) if he is of unsound mind and stands so declared by a competent court; or

(c) if he is or has been convicted of any offence which in the opinion of the Central Government involves moral turpitude; or

(d) if he has been removed or dismissed from the service of the Government or a corporation owned or controlled by the Government; or

(e) except in the case of the Chairman or the General Manager, if he is a salaried official of the Food Corporation of India or a State Food Corporation.

21. *Removal and resignation of members of board of directors.*—(1) The Food Corporation of India may, at any time, after consultation with the State Food Corporation, remove the General Manager from office after giving him a reasonable opportunity of showing cause against the proposed removal.

(2) The board of directors of a State Food Corporation may remove from office any member of that board who—

(a) is or has become subject to any of the disqualifications mentioned in section 20, or

(b) is absent without leave of the board of directors from more than three consecutive meetings thereof without cause sufficient, in the opinion of the board, to exonerate his absence.

(3) A member of such board may resign his office by giving notice thereof in writing to the Food Corporation of India and on such resignation being accepted, he shall be deemed to have vacated his office.

22. *Meetings.*—(1) The board of directors of a State Food Corporation shall meet at such times and places and shall observe such rules of procedure in regard to the transaction of business at its meetings (including the quorum at meetings) as may be provided by regulations made by that Corporation under this Act.

(2) The Chairman of the board of directors or, if for any reason he is unable to attend any meeting, any other member of the board elected by the members of the board present at the meeting, shall preside at the meeting.

(3) All questions which come up before any meeting of the board of directors shall be decided by a majority of the votes of the members present and voting, and, in the event of an equality of votes, the Chairman or in his absence, the person presiding shall have and exercise a second or casting vote.

23. *Appointment of officers, etc., and their conditions of service.*—(1) A State Food Corporation may appoint such officers and other employees as it considers necessary for the efficient performance of its functions.

(2) Every person employed by a State Food Corporation under this Act shall be subject to such conditions of service and shall be entitled to such remuneration as may be determined by regulations made by that Corporation under this Act.

24. *Executive Committee and other committees.*—(1) The board of directors of a State Food Corporation may constitute an Executive Committee which shall consist of—

(a) the Chairman of the board of directors;

(b) the General Manager; and

(c) three other members of the board of directors, of whom one shall be a non-official.

(2) The Chairman of the board of directors shall be the Chairman of the Executive Committee.

(3) Subject to the general control, direction and superintendence of the board of directors, the Executive Committee shall be competent to deal with any matter within the competence of the State Food Corporation.

(4) The board of directors may constitute such other committees, whether consisting wholly of members of the board or wholly of other persons or partly of such members and partly of other persons as it thinks fit, for such purposes as it may decide.

(5) A committee constituted under this section shall meet at such times and places and shall observe such rules of procedure in regard to the transaction of business at its meetings (including the quorum at meetings) as may be provided by regulations made by the State Food Corporation under this Act.

(6) The members of a committee (other than the directors of the board) shall be paid by the State Food Corporation such fees and allowances as may be fixed by it by regulations made under this Act,

for attending the meetings of the committee and for attending to any other work of that Corporation.

25. *Member of board or committee thereof not to vote in certain cases.*—A member of the board of directors of a State Food Corporation or a committee thereof who has any direct or indirect pecuniary interest in any matter coming up for consideration at a meeting of the board of directors or committee thereof, shall, as soon as possible after relevant circumstances have come to his knowledge, disclose the nature of his interest at such meeting and the disclosure shall be recorded in the minutes of the board or the committee, as the case may be, and the member shall not take any part in any deliberation or decision of the board or the committee with respect to that matter.

CHAPTER V

FINANCE, ACCOUNTS AND AUDIT

26. *Submission of programme of activities and financial estimates.*—(1) A Food Corporation shall, before the commencement of each year, prepare a statement of programme of its activities during the forthcoming year as well as a financial estimate in respect thereof.

(2) The statement prepared under sub-section (1) shall, not less than three months before the commencement of each year, be submitted for approval—

(a) in the case of the Food Corporation of India, to the Central Government;

(b) in the case of a State Food Corporation, to the Food Corporation of India.

(3) The statement and the financial estimate of a Food Corporation referred to in sub-section (1) may, with the approval of the Central Government, in the case of the Food Corporation of India, or with the approval of the Food Corporation of India in the case of a State Food Corporation, be revised by the Food Corporation.

27. *Borrowing powers of Food Corporation.*—(1) A Food Corporation may, for the purpose of carrying

out its functions under this Act, take advances against stocks of foodgrains or other foodstuffs held by it, or borrow money—

(i) from any scheduled bank, or

(ii) from any other bank or financial institution approved by the Central Government in this behalf.

(2) The Central Government may guarantee the loans and advances taken by a Food Corporation under sub-section (1) as to the re-payment of principal and the payment of interest thereon and other incidental charges.

28. *Lending by Food Corporation on security of foodgrains.*—A Food Corporation may lend or advance money to any person engaged in the production of foodgrains upon the security of foodgrains or such other security as may be prescribed, for any purpose connected with such production.

29. *Power to enter into agreement for purchase of foodgrains after harvest.*—(1) A Food Corporation may enter into agreement with any grower of foodcrops for the purchase of foodgrains after the harvest of such crops and any such agreement may provide that any sum payable by the Corporation to the grower under such agreement shall be payable to any scheduled bank or other financing agency nominated by the grower in this behalf to such extent as may be specified in the agreement.

(2) The scheduled bank or other financing agency referred to in sub-section (1) may, on the basis of any agreement referred to in that sub-section, lend money to a grower of foodcrops who has entered into such agreement.

30. *Guarantee by Food Corporation.*—A Food Corporation may, upon such terms and conditions as it may think fit, guarantee any loan referred to in sub-section (2) of section 29, and also any other loan raised by a grower of foodcrops, which is re-payable within a period not exceeding five years.

31. *Funds of Food Corporation.*—(1) A Food Corporation shall have its own fund and all receipts of the

Corporation shall be credited thereto and all payments of the Corporation shall be met therefrom.

(2) Such fund shall be applied for meeting all administrative expenses of the Food Corporation and for carrying out the purposes of this Act.

32. *Investment of funds.*—A Food Corporation may invest its funds in the securities of the Central Government or any State Government or in such other manner as may be prescribed.

33. *Allocation of surplus profits.*—(1) A Food Corporation shall establish a reserve fund to which shall be credited every year such portion of its annual net profits as that Corporation thinks fit.

(2) After making provision for such reserve fund and for bad and doubtful debts, depreciation in assets and all other matters which are usually provided for by companies registered and incorporated under the Companies Act 1956 (1 of 1956), the balance of its annual net profits shall be paid—

(a) in the case of the Food Corporation of India, to the Central Government, and

(b) in the case of a State Food Corporation, to the Central Government and the Food Corporation of India in the same proportion as the capital provided by them.

34. *Accounts and audit.*—(1) A Food Corporation shall maintain proper accounts and other relevant records and prepare an annual statement of accounts including the profit and loss account and the balance sheet in such form as may be prescribed.

(2) The accounts of a Food Corporation shall be audited by auditors duly qualified to act as auditors of companies under section 226 of the Companies Act, 1956 (1 of 1956).

(3) The auditors shall be appointed annually by the Food Corporation from among a list of auditors approved by the Central Government on the advice of the Comptroller and Auditor-General of India.

(4) The auditors shall be supplied with a copy of the annual balance sheet and the profit and loss account of the Food Corporation and it shall be their

duty to examine them together with the accounts and vouchers relating thereto, and they shall have a list delivered to them of all books kept by the Corporation and shall at all reasonable times have access to the books, accounts and other documents of the Corporation and may require from any officer of the Corporation such information and explanations as the auditors may think necessary for the performance of their duties as auditors.

(5) The auditors shall send a copy of their report together with an audited copy of the accounts to the Food Corporation concerned and to the Central Government and, where the accounts relate to a State Food Corporation, also to the Food Corporation of India.

35. *Annual report on the working of Food Corporations.*—(1) A Food Corporation shall, as soon as possible after the end of each year, submit to the Central Government an annual report on the working and affairs of the Corporation.

(2) The Central Government shall, as soon as may be after the receipt of such report, cause such report and the audit report received under section 34 to be laid before both Houses of Parliament.

CHAPTER VI

MISCELLANEOUS

36. *Vacancies, etc., not to invalidate acts or proceedings of Food Corporation, etc.*—(1) No act or proceeding of a Food Corporation or a committee thereof or a Board of Management shall be invalid by reason only of the existence of any vacancy in, or any defect in the constitution of, the board of directors of the Food Corporation or such committee or Board of Management.

(2) No act done by any person acting in good faith as a member of a board of directors of a Food Corporation or of a Board of Management shall be deemed to be invalid by reason only of his disqualification for being appointed as, or for being, a member of such board of directors or Board of Management.

37. *Delegation.*—A Food Corporation may, by general or special order in writing, delegate to the Chairman or any other member of the board of directors or the Secretary or other officer of the Corporation, subject to such conditions and limitations, if any, as may be specified in the order, such of its powers and functions under this Act as it may deem necessary.

38. *Declaration of fidelity and secrecy.*—Every director, member of an Advisory Committee or other committee, auditor, officer or other employee of a Food Corporation and every member of a Board of Management and its staff shall, before entering upon his duties, make a declaration of fidelity and secrecy in the form set out in the Schedule.

39. *Indemnity of directors.*—(1) Every member of the board of directors of a Food Corporation and of a Board of Management shall be indemnified by the Corporation against all losses and expenses incurred by him in the discharge of his duties except such as are caused by his own wilful act or default.

(2) A member of the board of directors of a Food Corporation or a Board of Management shall not be responsible for any other member or for any officer or other employee of the Corporation or Board of Management or for any loss or expense resulting to the Corporation from the insufficiency or deficiency of value of, or title to, any property or security acquired or taken on behalf of the Corporation in good faith, or by the insolvency or wrongful act of any person under obligation to the Corporation or by anything done in good faith, in the execution of the duties of his office or in relation thereto.

40. *Protection of action taken under this Act.*—No suit or other legal proceeding shall lie against a Food Corporation or any member of the board of directors thereof or any officer or other employee thereof or any member of a Board of Management or its staff or any other person authorised by a Food Corporation or a Board of Management to discharge any functions under this Act for any loss or damage

caused or likely to be caused by anything which is in good faith done or intended to be done in pursuance of this Act.

41. *Offences.*—(1) Whoever, without the consent in writing of a Food Corporation, uses its name in any prospectus or advertisement, shall be punishable with imprisonment for a term which may extend to six months, or with fine which may extend to one thousand rupees, or with both.

(2) No court shall take cognizance of any offence under sub-section (1) except on a complaint in writing by an officer authorised in this behalf by the Food Corporation concerned.

42. *Provision relating to income-tax, super-tax, etc.*—For the purposes of the Inome-tax Act, 1961, or any other enactment for the time being in force relating to income-tax, super-tax or any other tax on income, profits or gains, a Food Corporation shall be deemed to be a company within the meaning of the Income-tax Act, 1961, and shall be liable to tax accordingly on its income, profits and gains.

43. *Winding up of Food Corporation.*—No provision of law relating to the winding up of companies or corporations shall apply to a Food Corporation and it shall not be placed in liquidation save by order of the Central Government and in such manner as that Government may direct.

44. *Power to make rules.*—(1) The Central Government may, by notification in the Official Gazette, make rules to carry out the purposes of this Act.

(2) Without prejudice to the generality of the foregoing power, such rules may provide for—

(a) the term of office of, and the manner of filling casual vacancies among, and the other terms and conditions of appointment of, the directors of the Corporation;

(b) the composition of Advisory Committees and the terms and conditions of service of members thereof;

(c) the additional functions which the Corporation may perform;

(d) the remuneration or fees payable to the members of the board of directors of a State Food Corporation and the term of office of, and the manner of filling casual vacancies among, such members;

(e) the securities (other than foodgrains) upon which a Food Corporation may lend or advance money;

(f) the manner in which a Food Corporation may invest its funds;

(g) the form of the annual statement of accounts and the balance sheet to be prepared by a Food Corporation;

(h) any other matter which has to be or may be prescribed.

(3) Every rule made by the Central Government under this section shall be laid as soon as may be after it is made, before each House of Parliament while it is in session for a total period of thirty days which may be comprised in one session or in two successive sessions, and if, before the expiry of the session in which it is so laid or the session immediately following, both Houses agree in making any modification in the rule or both Houses agree that the rule should not be made, the rule shall thereafter have effect only in such modified form or be of no effect, as the case may be; so however that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule.

45. *Power of Food Corporation to make regulations.*—(1) A Food Corporation may, with the previous sanction of the Central Government, by notification in the Official Gazette, make regulations not inconsistent with this Act and the rules made thereunder, to provide for all matters for which provision is necessary or expedient for the purpose of giving effect to the provisions of this Act.

(2) Without prejudice to the generality of the foregoing power, such regulations may provide for—

(a) the methods of appointment the conditions of service and the scales of pay of the officers and employees of a Food Corporation, other than the Secretary of the Food Corporation of India;

(b) the duties and conduct of officers and employees of a Food Corporation, other than the Secretary aforesaid;

(c) the functions and duties which may be entrusted or delegated to the managing director or, as the case may be, the General Manager, of a Food Corporation;

(d) the times and places at which meetings of a Food Corporation or any committee thereof shall be held and the procedure to be followed thereat;

(e) the fees and allowances payable to the members of a committee under sub-section (6) of section 14 or sub-section (6) of section 24;

(f) generally, the efficient conduct of the affairs of a Food Corporation.

(3) The Central Government may, by notification in the Official Gazette, rescind any regulation which it has sanctioned and thereupon such regulation shall cease to have effect.

(4) Any regulation which may be made by the Food Corporation of India under this Act may be made by the Central Government within three months from the establishment of that Corporation and any regulation which may be made by a State Food Corporation under this Act may be made by the Food Corporation of India within three months from the establishment of such State Food Corporation; and any regulation so made may be altered or rescinded by the Food Corporation concerned in the exercise of its powers under this Act.

THE SCHEDULE

(*See* section 38)

DECLARATION OF FIDELITY AND SECRECY

I,——————————, declare that I will faithfully, truly and to the best of my judgment, skill and ability execute and perform the duties which are required of me as director, member of————com-mittee, officer, employee or auditor (as the case may be) of the $\frac{\text{Food Corporation of India}}{\text{Food Corporation}}$ or as member of the Board of Management at————under the Food Corporation of India and which properly relate to the office or position in or in relation to that Corporation held by me.

I further declare that I will not communicate or allow to be communicated to any person not legally entitled thereto any information relating to the affairs of the said Corporation or to the affairs of any person having any dealing with the said Corporation nor will I allow any person not legally entitled as aforesaid to inspect or have access to any books or documents belonging to, or in the possession of, the said Corporation and relating to the business of the said Corporation or the business of any person having any dealing with the said Corporation.

(*Signature*)——————

Signed before me,

GOVERNMENT OF KERALA

Abstract

Advances—House Construction Advance to Government servants—Loan amount outstanding beyond date of death of loanee—Levy of interest on principal—orders issued.

FINANCE DEPARTMENT

G. O.(P)791/64/Fin. Dated, Trivandrum, 28th November 1964.

Read: 1. Letter No. LS. 9-1/64-65/1060 dated 4-11-1964 from the Accountant General.

ORDER

Under Article 254 Section A (4) of K. F. G. Volume I, where a part of the advance or interest is to be wiped off by adjustment from gratuity no interest will be recoverable on the principal amount of outstanding advance for the period beyond the date of retirement of the loanee. In the letter read above, the Accountant General has raised a question whether any interest on the amount of outstanding advance can be realised after the death of the loanee till the final settlement of loan account against the insurance amount and gratuity of the deceased.

2. In the case of a person to whom an advance was sanctioned under the scheme for the grant of house construction advance the insurance amount becomes mature and the gratuity becomes available for adjustment against the outstanding loan account, on his death. The delay, if any, in adjusting the outstanding loan account from the insurance amount and the gratuity may probably be due to the delay on the part of departmental authorities in collecting the insurance amount on the policy/policies assigned in favour of Government and in sanctioning the gratuity. Government are therefore pleased to order that no interest will be recoverable on the principal amount of outstanding advance proposed to be adjusted from the insurance amount and gratuity for the period beyond the date of the death of the loanee.

3. All Heads of Departments will see that the amounts due from the insurance policy/policies and the gratuity are realised and adjusted to the extent necessary for the final adjustment of the loan account, immediately after the death of the loanee.

By order of the Governor,
R. Parameswaran Nair,
Assistant Secretary.

4/3929/S

To

The Accountant General, Kerala.

All Heads of Departments and Offices.

The Finance (Rules) Department for making necessary amendment in the Kerala Financial Code.

The Secretary, Kerala Public Service Commission (with C. L.)

The Registrar of High Court (with C. L.)

The Registrar University of Kerala (with C. L.)

The Secretary to the Governor.

All Secretaries, Additional Secretaries, Joint Secretaries, Deputy Secretaries and Assistant Secretaries to Government.

The Private Secretary to the Adviser.

The Personal Clerk to the Chief Secretary.